

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 SSO-00 SP-02 EB-07 COME-00 /025 W

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O 211340Z JUL 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 0528

UNCLAS SECTION 1 OF 3 OTTAWA 2955

FOR L ATTENTION MARK FELDMAN

E.O. 11652: N/A

TAGS: SENV, ENRG, CA

SUBJ: BEAUFORT SEA; DOCUMENTS REGARDING GOC AGREEMENT WITH
DOME PETROLEUM

ERIC WANG, DIRECTOR, LEGAL OPERATIONS DIVISION, EXTAFF, HAS
REQUESTED THAT EMBASSY TRANSMIT FOLLOWING DOCUMENT FOR ATTEN-
TION OF MARK FELDMAN IN L. DOCUMENT RELEVANT TO WANG/FELDMAN
MEETING JULY 22.

BEGIN TEXT.

THIS AGREEMENT MADE IN DUPLICATE THIS ----- DAY OF A.D. 1976.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, (HEREINAFTER
CALLED "CANADA") HEREINACTING AND REPRESENTED BY THE
MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
(HEREINAFTER CALLED "THE MINISTER")
OF THE FIRST PART.,

AND

DOME PETROLEUM LIMITED, AND GULF OIL CANADA, LIMITED,
BODIES CORPORATE EACH HAVING AN OFFICE AT THE CITY OF
CALGARY IN THE PROVINCE OF ALBERTA, AND N.B. HUNT
W.H. HUNT AND LAMAR HUNT, ALL OF THE CITY OF DALLAS, IN
THE STATE OF TEXAS, ONE OF THE UNITED STATES OF AMERICA,
(HEREINAFTER COLLECTIVELY CALLED THE "OPERATOR"), OF THE SECOND
PART.

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WHEREAS CANADA HAS AGREED TO GRANT TO DOME PETROLEUM

LIMITED A DRILLING AUTHORITY, PURSUANT TO THE CANADA OIL AND GAS DRILLING AND PRODUCTION REGULATIONS TO DRILL THE TINGMIARK K-91 WELL AT LATITUDE 70 DEG 10'35.5" N AND LONGITUDE 132 DEG 58'52.5" W IN THE BEAUFORT SEA, SUBJECT TO CERTAIN TERMS AND CONDITIONS; AND HAS AGREED TO GRANT TO LAMAR HUNT A DRILLING AUTHORITY, PURSUANT TO THE CANADA OIL AND GAS DRILLING AND PRODUCTION REGULATIONS TO DRILL THE KOPANOAR D-14 WELL AT LATITUDE 70 DEG 23'02' N AND LONGITUDE 135 DEG 05'35" W IN THE BEAUFORT SEA, SUBJECT TO CERTAIN TERMS AND CONDITIONS;

WHEREAS THE OPERATOR IS LIABLE, PURSUANT TO THE PROVISIONS OF THE ARCTIC WATERS POLLUTION PREVENTION ACT, TO ANY PERSON SUFFERING LOSS OR DAMAGE IN ARCTIC WATERS AS DEFINED IN THE SAID ACT AS A RESULT OF DRILLING SUCH EXPLORATORY OIL AND GAS WELLS;

WHEREAS CANADA AND THE OPERATOR WISH TO PLACE INDIVIDUALS, GOVERNMENTS, CORPORATIONS AND UNINCORPORATED ASSOCIATIONS IN THE UNITED STATES OF AMERICA, IN THE SAME POSITION AS CANADIANS WITH RESPECT TO ENTITLEMENT TO COMPENSATION IN THE EVENT OF ANY LOSS OR DAMAGE TO PERSONS OR PROPERTY RESULTING FROM THE DRILLING OF SUCH EXPLORATORY OIL AND GAS WELLS;

AND WHEREAS THE OPERATOR HAS AGREED TO GIVE TO CANADA A BOND OF INDEMNITY TO SECURE AN UNDERTAKING BY THE OPERATOR TO PAY AND SATISFY THE CLAIMS OF PERSONS OUTSIDE CANADA SUFFERING LOSS OR DAMAGE RESULTING FROM THE DRILLING OF SUCH EXPLORATORY OIL OR GAS WELLS IN THE BEAUFORT SEA.

NOW THEREFORE THIS AGREEMENT WITNESSES AS FOLLOWS:

1. IN THIS AGREEMENT,
"PERSON" MEANS THE UNITED STATES GOVERNMENT, THE GOVERNMENTS OF THE STATE OF ALASKA AND POLITICAL SUBDIVISIONS OF THAT STATE, EACH INDIVIDUAL OR CORPORATION RESIDING CARRYING ON BUSINESS OR ENGAGED IN ANY ACTIVITY IN THE STATE OF ALASKA OR THE WATERS
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ADJACENT TO THE NORTH COAST THEREOF AND INCLUDES AN UNINCORPORATED BODY;

"WASTE" MEANS WASTE AS DEFINED IN SECTION 2 OF THE ARCTIC WATERS POLLUTION PREVENTION ACT (CANADA).
"PROGRAM" MEANS THE PROGRAM AS DEFINED IN THE ARCTIC WATERS POLLUTION PREVENTION REGULATIONS FOR THE DRILLING OF THE TINGMIARK K-91 WELL AND THE KOPANOAR D-14 WELL.

2. IN CONSIDERATION OF THE GRANT BY CANADA OF THE SAID DRILLING AUTHORITIES AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS MADE IN RESPECT OF THE GRANTING THEREOF, THE OPERATOR HEREBY COVENANTS, UNDERTAKES AND AGREES THAT IN THE EVENT ANY PERSON

(A) SUSTAINS LOSS OR INJURY, OR SUFFERS DAMAGE OR IS PUT TO COST AND EXPENSE IN AN AREA OF THE BEAUFORT SEA OR ANY WATERS ADJACENT THERETO OR OF THE COAST OF THE BEAUFORT SEA OR ANY WATERS ADJACENT THERETO THAT IS WEST OF THE 141 ST MERIDIAN OF WEST LONGITUDE AS A RESULT OF A DEPOSIT OF WASTE THAT IS CAUSED BY OR IS OTHERWISE ATTRIBUTABLE TO ANY ACTIVITY OR UNDERTAKING DESCRIBED IN SECTION 6 OF THE ARCTIC WATERS POLLUTION PREVENTION ACT, ENGAGED IN OR CARRIED ON BY THE OPERATOR IN RESPECT OF THE PROGRAM AND (B) CLAIMS COMPENSATION OR DAMAGES FROM THE OPERATOR WITHIN TWO YEARS FROM THE TIME WHEN THE DEPOSIT OF WASTE OCCURRED OR FIRST OCCURRED, AS THE CASE MAY BE, OR COULD REASONABLY BE EXPECTED TO HAVE BECOME KNOWN BY THE PERSON, THE OPERATOR SHALL, SUBJECT TO THE LIMITATION PROVIDED BY SECTION 3 HEREOF, AND WITHOUT PROOF OF FAULT OR NEGLIGENCE, PAY AND SATISFY SUCH CLAIM TO THE EXTENT OF

(C) ALL ACTUAL LOSS OR DAMAGE INCURRED AND (D) IN THE CASE OF THE UNITED STATES GOVERNMENT, THE GOVERNMENTS OF THE STATE OF ALASKA OR POLITICAL SUBDIVISIONS OF THAT STATE INCLUDING THEIR RESPECTIVE ASSIGNS, ALSO ALL COSTS AND EXPENSES OF ANY ACTION TAKEN TO REPAIR OR REMEDY ANY CONDITION THAT RESULTS FROM A DEPOSIT OF WASTE OR TO REDUCE OR MITIGATE ANY DAMAGE TO OR DESTRUCTION OF LIFE UNCLASSIFIED

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OR PROPERTY THAT RESULTS OR MAY REASONABLY BE EXPECTED TO RESULT FROM SUCH DEPOSIT OF WASTE, TO THE EXTENT THAT SUCH COSTS AND EXPENSES CAN BE ESTABLISHED TO HAVE BEEN REASONABLY INCURRED IN THE CIRCUMSTANCES, BUT NOT INCLUDING IN ANY EVENT ANY COSTS, EXPENSES OR ACTUAL LOSS OR DAMAGE INCURRED BY A PERSON WHERE HIS CONDUCT CAUSED A DEPOSIT OF WASTE OR CONTRIBUTED TO ANY SUCH DEPOSIT OF WASTE TO THE DEGREE TO WHICH SUCH CONDUCT CONTRIBUTED THERETO.

3. THE AMOUNT IN RESPECT OF WHICH THE OPERATOR HEREBY UNDERTAKES, COVENANTS AND AGREES TO PAY SHALL NOT EXCEED IN RESPECT OF THE ACTIVITIES AND UNDERTAKINGS RELATING TO THE SAID PROGRAM THE SUM OF 10 MILLION DOLLARS AND

IN THE EVENT THERE IS MORE THAN ONE CLAIM MADE IN RESPECT OF SUCH DEPOSITS OF WASTE, THE CLAIMS SHALL RANK; FIRSTLY, IN FAVOUR OF PERSONS, OTHER THAN THE U.S. GOVERNMENT OR THE GOVERNMENT OF THE STATE OF ALASKA, WHO HAVE SUFFERED ACTUAL LOSS OR DAMAGE, WHICH SAID CLAIMS SHALL AMONG THEMSELVES RANK PARI PASSU, AND SECONDLY, TO MEET THE COSTS AND EXPENSES OF ANY ACTION BY THE UNITED STATES GOVERNMENT OR THE GOVERNMENT OF THE STATE OF ALASKA TO REPAIR OR REMEDY ANY CONDITION THAT RESULTS FROM A DEPOSIT OF WASTE OR TO REDUCE OR MITIGATE ANY DAMAGE TO OR DESTRUCTION OF LIFE OR PROPERTY THAT RESULTS OR MAY REASONABLE BE EXPECTED TO RESULT FROM SUCH DEPOSIT OF WASTE.

4. WITHIN TEN DAYS FOLLOWING A DEPOSIT OF WASTE THE OPERATOR SHALL NOTIFY THE MINISTER IN WRITING OF SUCH DEPOSIT OF WASTE AND FURNISH PARTICULARS RELATING TO THE NATURE AND EXTENT THEREOF, TOGETHER WITH FURTHER PARTICULARS AND INFORMATION AS THE MINISTER MAY HAVE REQUIRED, PRIOR TO THE DEPOSIT TO BE INCLUDED IN SUCH NOTIFICATION.

THEREAFTER, IF THE MINISTER SO REQUIRES, THE OPERATOR BY RADIO MESSAGE AND PUBLICATION IN 3 JOURNALS (DAILY OR WEEKLY AS MAY BE PRACTICABLE) WHICH NORMALLY ARE

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FOR L ATTENTION MARK FELDMAN

RECEIVED BY OR CIRCULATED TO PERSONS RESIDING, CARRYING ON BUSINESS OR ENGAGED IN ANY ACTIVITY IN THE STATE OF ALASKA OR THE WATERS ADJACENT TO THE NORTH COAST THEREOF, GIVE NOTICE TO SUCH PERSONS THAT THERE HAS BEEN A

DEPOSIT OF WASTE IN RESPECT OF WHICH CLAIMS FOR CERTAIN LOSSES, DAMAGES, INJURIES, COSTS AND EXPENSES INCURRED BY SUCH PERSONS AS A RESULT OF SUCH DEPOSIT OF WASTE AND SUBJECT TO THE LIMITATIONS CONTAINED IN THIS AGREEMENT, MAY BE MADE AND COMPENSATION PAID BY THE OPERATOR IN RESPECT THEREOF, TOGETHER WITH

(I) FULL PARTICULARS AS TO THE NATURE AND EXTEND OF SUCH DEPOSIT AND SUCH FURTHER INFORMATION AS CANADA MAY FROM TIME TO TIME REQUIRE TO BE INCLUDED IN ANY SUCH NOTICE,

(II) INFORMATION RELATING TO THE EFFORTS BEING MADE BY THE OPERATOR TO MITIGATE ANY PROBABLE LOSSES, DAMAGES OR INJURIES TO SUCH PERSONS,

(III) THE MANNER IN WHICH AND THE TIME BY WHICH CLAIMS ARE TO BE SUBMITTED, AND

(IV) NOTICE THAT THE OPERATOR SHALL SUBMIT TO ARBITRATION AND HAS AGREED PURSUANT TO SECTION 6 HEREOF TO SUBMIT TO THE FEDERAL COURT OF CANADA, TRIAL DIVISION, ANY DISPUTES ARISING WITH RESPECT TO THE CAUSES AND MEASURE OF DAMAGES, LOSS OR UNCLASSIFIED

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INJURIES SUSTAINED OR INCURRED BY SUCH PERSONS,

5. WITHIN ONE MONTH FOLLOWING RECEIPT OF ANY CLAIM, THE OPERATOR SHALL CONDUCT AN INVESTIGATION IN SUCH A MANNER AND TO SUCH EXTENT AS MAY BE REASONABLE REQUIRED BY THE MINISTER, AND SHALL GIVE NOTICE IN WRITING TO THE MINISTER AND THE PERSON MAKING THE CLAIM (HEREINAFTER REFERRED TO AS THE "CLAIMANT") WHETHER THE OPERATOR DISPUTES THE CLAIM OR THE MEASURE OF DAMAGE, LOSS OR INJURY INCURRED OR SUSTAINED, TOGETHER WITH

(A) FULL PARTICULARS AND DISCLOSURE OF THE REASONS FOR SUCH DISPUTE TOGETHER WITH A SUMMARY OF ALL EVIDENCE (DOCUMENTARY OR OTHERWISE) RELIED UPON IN MAKING THE DISPUTE, INCLUDING REFERENCE TO ALL REPORTS, TECHNICAL DATA AND OTHER MATERIAL WHICH RELATE TO THE CONDUCT OF THE DRILLING ACTIVITY AND WHICH ARE MATERIAL TO THE CIRCUMSTANCES SURROUNDING THE DEPOSIT OF WASTE AND AN UNDERTAKING TO MAKE A COPY OF SAME AVAILABLE TO THE CLAIMANTS AT THE CLAIMANTS' COST,

(B) AN ACKNOWLEDGMENT THAT THE OPERATOR SHALL, AT THE REQUEST OF THE CLAIMANT, SUBMIT THE MATTER TO

ARBITRATION BY THREE ARBITRATORS OF WHICH THE OPERATOR SHALL APPOINT ONE, THE CLAIMANT ONE AND SUCH APPOINTEES SHALL NAME THE THIRD AND THAT THE DECISION SHALL BE BINDING UPON THE OPERATOR AND THE CLAIMANT TO THE EXTENT OF THE UNDERTAKING HEREIN CONTAINED IN THE EVENT THE AWARD BY THE ARBITRATORS IS FOR AN AMOUNT NOT GREATER THAN TEN (10) THOUSAND DOLLARS, AND

(C) AN UNDERTAKING, TO FACILITATE THE EXPEDITIOUS CONDUCT OF ANY ARBITRATION OF THE DISPUTE, TO ACCEPT, EXCEPT AS OTHERWISE PROVIDED HEREIN, THE LAWS AND RULES OF PRACTICE AND PROCEDURE ESTABLISHED BY THE NORTHWEST TERRITORIES IN RESPECT OF ARBITRATION PROCEEDINGS.

6. FAILURE TO NOTIFY THE MINISTER AND THE CLAIMANT
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WITHIN THE SAID ONE MONTH PERIOD SHALL BE DEEMED FOR THE PURPOSES OF THIS AGREEMENT TO BE ACCEPTANCE OF THE CLAIM AND MEASURE OF LOSS, DAMAGE OR INJURY IN RESPECT OF WHICH PAYMENT IN ACCORDANCE WITH THE PROVISIONS HEREOF SHALL BE MADE.

6.1 IN THE EVENT

(A) THE OPERATOR FAILS TO APPOINT AN ARBITRATOR WITHIN 15 DAYS FROM RECEIPT OF THE REQUEST BY A CLAIMANT THAT THE DISPUTE BE SETTLED BY ARBITRATION,

(B) ANY ARBITRATION PROCEEDINGS IS NOT CONCLUDED WITHIN 90 DAYS FROM THE APPOINTMENT OF THE THIRD ARBITRATOR,

(C) THE AWARD IS GREATER THAN TEN (10) THOUSAND DOLLARS AND THE CLAIMANT OR THE OPERATOR DISPUTES THE AWARD OR DECISION BY THE ARBITRATORS, THE QUESTIONS OF LAW, FACT OR MIXED LAW AND FACT IN RESPECT OF WHICH THE DISPUTE AROSE SHALL BE DEEMED TO BE MATERIAL TO THE DETERMINATION WHETHER THE OPERATOR HAS COMPLIED WITH ITS UNDERTAKINGS HEREIN CONTAINED.

6.2 IT IS AGREED BETWEEN THE PARTIES HERETO THAT UPON THE HAPPENING OF ANY OF THE EVENTS SET FORTH IN SECTION 6.1 HEREOF, THE QUESTIONS OF LAW, FACT OR MIXED LAW AND FACT IN RESPECT OF WHICH THE DISPUTE BETWEEN THE OPERATOR AND A CLAIMANT AROSE SHALL BE REFERRED TO THE FEDERAL COURT OF CANADA, TRIAL DIVISION, FOR DETERMINATION AND THAT ANY SUCH REFERENCE SHALL BE INSTI-

GATED BY THE OPERATOR WITHIN 15 DAYS FROM THE HAPPENING OF ANY SUCH EVENT AND THE CLAIMANT SHALL BE ACCEPTED BY THE OPERATOR AS AN INTERESTED PARTY.

6.3 CANADA'S COSTS ON A SOLICITOR AND CLIENT BASIS ASSOCIATED WITH A REFERENCE TO THE FEDERAL COURT OF CANADA, TRIAL DIVISION, SHALL BE BORNE BY THE OPERATOR.

7. THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGES WHICH WOULD BE SUSTAINED BY CANADA IN THE EVENT THE UNCLASSIFIED

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OPERATOR FAILS TO PERFORM ITS UNDERTAKINGS HEREIN CONTAINED WOULD BE IMPRACTICABLE TO ASCERTAIN AND AS AN ASSESSMENT OF THE DAMAGES CAUSED BY THE NON-PERFORMANCE THEREOF, THE PARTIES AGREE THAT THE DAMAGES PAYABLE BY THE OPERATOR TO CANADA IN THE EVENT OF NON-PERFORMANCE OF THE UNDERTAKING TO PAY CLAIMS IN ACCORDANCE WITH SECTION 2 HEREOF SHALL BE 10 MILLION DOLLARS, AND THE PARTIES AGREE THAT SECTION 36 OF THE FEDERAL COURT ACT IS APPLICABLE TO THIS AGREEMENT.

8. AS SECURITY FOR THE DUE PERFORMANCE BY THE OPERATOR OF ITS UNDERTAKINGS HEREIN CONTAINED, THE OPERATOR HEREBY UNDERTAKES TO DELIVER TO CANADA A BOND OF PERFORMANCE SUBSTANTIALLY IN THE FORM ANNEXED HERETO ISSUED BY A SURETY SATISFACTORY TO THE MINISTER WHEREBY SUCH SURETY IS HELD AND FIRMLY BOUND UNTO CANADA IN THE FULL AND JUST SUM OF 10 MILLION DOLLARS IN THE EVENT THE OPERATOR FAILS:

(A) TO COMPLY IN ALL RESPECT WITH THE NOTICE REQUIREMENTS SET FORTH IN SECTIONS 4 AND 5 HEREOF,

(B) TO SUBMIT ANY DISPUTE TO ARBITRATION,

(C) TO SUBMIT AND TO INSTIGATE PROCEEDINGS IN THE FEDERAL COURT OF CANADA, TRIAL DIVISION, IN ACCORDANCE WITH ITS UNDERTAKINGS CONTAINED IN SECTION 6 HEREOF, OR

(D) TO PAY AND SATISFY ANY CLAIM IN RESPECT OF WITH SECTION 2 HEREOF APPLIES.

9. RECEIPT BY CANADA OF PROCEEDS UNDER THE BONDS

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DELIVERED IN ACCORDANCE WITH SECTION 8 HEREOF
SHALL BE SATISFACTION OF ANY CLAIM BY CANADA FOR
DAMAGES REFERRED TO IN SECTION 7 AND SUCH PROCEEDS MAY
BE USED TO SATISFY ON BEHALF OF THE OPERATOR ANY
CLAIMS IN RESPECT OF WHICH THE OPERATOR HAS FAILED TO PAY.

10. (A) NOTHING IN THIS AGREEMENT SHALL OBLIGATE THE
OPERATOR TO PAY ANY MONIES PURSUANT TO THIS AGREEMENT
BEFORE THE EXPIRY OF THE TWO-YEAR PERIOD REFERRED TO
IN PARAGRAPH 2(B) HEREOF.

(B) AT THE END OF SUCH TWO-YEAR PERIOD THE AMOUNT OF
ALL CLAIMS, INCLUDING DISPUTED CLAIMS, SHALL BE PRO-
RATED AND THE OPERATOR SHALL PAY TO EACH CLAIMANT WHOSE
CLAIM HAS BEEN ACCEPTED, THE PRO-RATED AMOUNT OF THE
CLAIM.

(C) EACH DISPUTED CLAIM SHALL BE REFERRED TO
ARBITRATION OR TO THE FEDERAL COURT OF CANADA, AS THE
CASE MAY BE, PURSUANT TO SECTION 5 OR SECTION 6.2 HEREOF
AND UPON THE CONCLUSION OF ALL SUCH PROCEEDINGS THE
BALANCE OF THE MONIES, NOT EXCEEDING TEN MILLION
DOLLARS IN THE AGGREGATE, SHALL BE DISTRIBUTED AMONG
ALL CLAIMANTS ENTITLED THERETO.)

(D) NOTWITHSTANDING PARAGRAPH 5(B) OF THIS AGREEMENT,
IN ORDER TO FACILITATE THE RESOLUTION OF CLAIMS THE
OPERATOR MAY, WITH THE CONSENT OF CANADA, DIRECT SOME
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OR ALL OF THE CLAIMANTS TO APPOINT THE SAME ARBITRATOR
BUT IN SUCH EVENT THE MINISTER'S CONSENT MAY NOT BE
UNREASONABLY REFUSED.

11. ALL NOTICES REQUIRED TO BE GIVEN HEREUNDER SHALL
BE IN WRITING BY FIRST CLASS PREPAID REGISTERED MAIL.
ANY NOTICE MAILED AS AFORESAID SHALL BE DEEMED TO HAVE
BEEN GIVEN AND RECEIVED ON THE EXPIRATION OF FORTY-EIGHT
HOURS AFTER IT IS POSTED, ADDRESSED AS FOLLOWS:

IF TO THE OPERATOR:

DOMESTIC PETROLEUM LIMITED,

GULF OIL CANADA LIMITED,

N.B. HUNT, W.H. HUNT AND LAMAR HUNT,

IF TO CANADA OR TO THE MINISTER:

OR AT SUCH ORDER ADDRESS OR ADDRESSES AS MAY FROM TIME
TO TIME BE NOTIFIED IN WRITING BY THE PARTIES HERETO
PROVIDED THAT IF THERE SHALL BE BETWEEN THE TIME OF
MAILING AND THE ACTUAL RECEIPT OF THE NOTICE, A MAIL
STRIKE, SLOW-DOWN OR OTHER LABOUR DISPUTE WHICH MIGHT
AFFECT THE DELIVERY OF SUCH NOTICE BY THE MAILS, THEN
SUCH NOTICE SHALL ONLY BE EFFECTIVE IF ACTUALLY
DELIVERED.

ANY NOTICE MAILED AS AFORESAID BY THE OPERATOR TO
A CLAIMANT AT THE ADDRESS SHOWN IN THE CLAIM SHALL BE
DEEMED GIVEN AND RECEIVED ON THE EXPIRATION OF FORTY-
EIGHT HOURS AFTER IT IS POSTED PROVIDED THAT IF THERE
SHALL BE BETWEEN THE TIME OF MAILING AND THE ACTUAL
RECEIPT OF THE NOTICE, A MAIL STRIKE, SLOW-DOWN OR OTHER
LABOUR DISPUTE WHICH MIGHT AFFECT THE DELIVERY OF SUCH
NOTICE BY THE MAILS, THEN SUCH NOTICE SHALL ONLY BE
EFFECTIVE IF ACTUALLY DELIVERED.

12. THE OPERATOR SHALL FROM TIME TO TIME EXECUTE SUCH
FURTHER INSTRUMENT AND GIVE SUCH FURTHER ASSURANCES TO
CANADA AS THE MINISTER MAY CONSIDER NECESSARY TO GIVE
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FULL FORCE AND EFFECT TO THIS AGREEMENT.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE
EXECUTED THIS AGREEMENT UNDER SEAL THE DAY AND YEAR
FIRST ABOVE WRITTEN.

KNOW ALL MEN BY THESE PRESENTS THAT WE, DOME PETROLEUM LIMITED, GULD OIL CANADA LIMITED, N.B. HUNT, W.H. HUNNT AND LAMAR HUNT, AS PRINCIPALS, AND CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF CANADA AS SURETY, ARE JOINTLY AND SEVERALLY BOUND UNTO HER MAJESTY THE QUEEN IN RIGHT OF CANADA (HEREINAFTER REFERRED TO AS ("OBLIGEE") IN THE SUM OF TEN MILLION DOLLARS (\$10,000,000) FOR THE PAYMENT OF WHICH SUM WELL AND TRULY TO BE MADE, WE THE PRINCIPALS AND SURETY BIND OURSELVES, OUR SUCCESSORS, ADMINISTRATORS AND ASSIGNS, JOINTLY AND SEVERALLY, FIRMLY BY THESE PRESENTS.

SEALED WITH OUR RESPECTIVE SEALS AND DATED AT THE CITY OF ----- THIS ----- DAY OF 1976.

WHEREAS IN CONSIDERATION OF A GRANT TO DOME PETROLEUM LIMITED BY THE OBLIGEE OF A DRILLING AUTHORITY TO DRILL THE TINGMIARK WELL AT LATITUDE 70 DEGREES 10 FEET 35.5 INCHES N AND LONGITUDE 132 DEGREES 58 FT 52.5 INCHES W IN THE BEAUFORT SEA AND OF A GRANT TO LAMAR HUNT OF A DRILLING AUTHORITY TO DRILL THE HUNT DOME KOPANOAR WELL AT LATITUDE 70 DEGREES 23 FEET 02 INCHES N AND LONGITUDE 135 DEGREES 05 FEET 35 INCHES W ON THE BEAUFORT SEA, SUBJECT TO CERTAIN TERMS AND CONDITIONS, THE PRINCIPALS HAAVE, BY AGREEMENT WITH THE OBLIGEE DATED THE ----- DAY OF -----, 1976, COVENANTED, UNDERTAKEN AND AGREED TO PAY AND SATISFY CERTAIN CLAIMS FOR COMPENSATION RESULTING FROM LOSS OR DAMAGE CAUSED BY A DEPOSIT OF WASTE BY OR ATTRIBUTABLE TO THE PRINCIPALL AND SUFFERED BY INDIVIDUALS, GOVERNMENTS, CORPORATIONS AND UNINCORPORATED ASSOCIATIONS IN THE UNITED STATES OF AMERICA, A CLPY OF WHICH SAID AGREEMENT IS ATTACHED HERETO AND MARKED AS "A";

AND WHEREAS THE PRINCIPALS WILL BECOME LIABLE TO THE UNCLASSIFIED

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OBLIGEE FOR DAMAGES IN THE EVENT THE PRINCIPALS FAIL TO DISCHARGE ITS OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THEIR AGREEMENT WITH THE OBLIGEE.

NOW THEREFORE THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

(1) IF THE SAID PRINCIPALS SHALL AND WILL FAITHFULLY PAY AND SATISFY THE CLAIMS BY PERSONS (AS THE SAME ARE DEFINED IN THE SAID AGREEMENT MARKED "A" HERETO) IN THE AMOUNTS, TO THE EXTENT, IN THE RANKING, AND WITHIN THE TIME AS PROVIDED IN THE SAID AGREEMENT, OR

(2) IF THE SAID PRINCIPALS SHALL, IN THE EVENT OF A DEPOSIT OF WASTE CAUSED BY OR OTHERWISE ATTRIBUTABLE TO ANY ACTIVITY OR UNDERTAKING DESCRIBED IN SECTION 6 OF THE ARCTIC WATERS POLLUTION PREVENTION ACT ENGAGED IN OR CARRIED ON BY THE OPERATOR IN RESPECT OF THE SAID DRILLING AUTHORITY, GIVE THE NOTICE REQUIRED BY SECTION 4 OF THE SAID AGREEMENT AND COMPLY IN ALL RESPECTS WITH THE REQUIREMENTS CONTAINED THEREIN, OR

(3) IF THE SAID PRINCIPALS SHALL, UPON RECEIPT OF A CLAIM FOR COMPENSATION, DAMAGES OR ANY LIKE RELIEF IN RESPECT OF A DEPOSIT OF WASTE, CONDUCT INVESTIGATIONS AND PROVIDE SUCH NOTICES, PARTICULARS, DISCLOSURES, ACKNOWLEDGEMENTS, AND UNDERTAKINGS AS ARE REQUIRED BY SECTION 5 OF THE SAID AGREEMENT AND COMPLY IN ALL RESPECT WITH THE REQUIREMENTS CONTAINED THEREIN, OR

(4) IF THE SAID PRINCIPALS SHALL, WHEN REQUIRED PURSUANT TO SECTION 6 OF THE SAID AGREEMENT, INVESTIGATE AND PURSUE THE DETERMINATION BY THE FEDERAL COURT OF CANADA, TRILA DIVISION, OF QUESTIONS OF LAW, FACT OR MIXED LAW AND FACT, OR

(5) IF THE SAID PRINCIPALS SHALL OTHERWISE COMPLY IN ALL RESPECTS WITH THE UNDERTAKINGS CONTAINED IN THE SAID AGREEMENT,

THEN, IN EACH SUCH CASE, THIS OBLIGATION SHALL BE UNCLASSIFIED

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NULL AND VOID, OTHERWISE TO REMAIN IN FULL FORCE AND EFFECT.

PROVIDED HOWEVER THAT THE TOTAL LIABILITY OF THE SURETY HEREUNDER SHALL NOT EXCEED THE SUM OF 10 MILLION DOLLARS AND SHALL BE APPLICABLE TO THE ACTIVITIES AND CONDUCT ENGAGED IN OR CARRIED ON IN RESPECT OF THE DRILLING AUTHORITY.

IN WITNESS WHEREOF THE SAID PRINCIPALS AND SURETY HAVE CAUSED THESE PRESENTS TO BE EXECUTED BY THE SIGNATURES OF THEIR DULY AUTHORIZED OFFICERS AND HAVE AFFIXED THEIR CORPORATE SEALS ON THE DATE HEREINABOVE WRITTEN. END TEXT. ENDERS

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Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BEAUFORT SEA: DOCUMENTS REGARDING GOC AGREEMENT WITH DOME PETROLEUM
TAGS: SENV, ENRG, CA, DOME PETROLEUM LTD
To: STATE
Type: TE
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